

**SOUTHERN CALIFORNIA GAS COMPANY
SAN DIEGO GAS & ELECTRIC COMPANY**

**APPLICATION FOR RENEWABLE NATURAL GAS TARIFF
(A.19-02-015)**

(DATA REQUEST WILD TREE FOUNDATION-02)

DATE RECEIVED: 10-3-19

DATE RESPONDED: 10-14-19

QUESTION 1:

In Applicant's response to Sierra Club DR#1, Question 10, Applicant states that biomethane procured under the RNG TARIFF may originate from outside the continental United States.

- a. What countries does Applicant plan on importing RNG from?
- b. By what method does Applicant plan on importing RNG from other countries? Does this include gas swaps and/or liquefied biomethane?

RESPONSE 1:

- a. SoCalGas does not intend to have geographic limitations on procurement; however given the abundant RNG supply potential in the continental United States and Canada, we do not expect to source initial RNG supplies for the RNG Tariff outside of that geographic area.
- b. SoCalGas intends to procure RNG supplies that are consistent with the California Air Resource Board's (CARB) Cap-and-Trade Regulations for biomass fuel exemption. CARB offers two methods to demonstrate that the RNG is received by the reporting entity. 1) A physical delivery of the RNG to the facility where the fuel is combusted. Evidence would include "nomination and allocation reports, as applicable, showing the fuel moving along pipelines towards the source of combustion." 2) A delivery via in-kind gas swap, where the RNG is purchased from the producer and demonstration of receipt of the RNG may be established through "a chain of contractual arrangements" pursuant to section 95131(i)(2)(D) of the mandatory reporting requirements (MRR) and confirmed by a third-party Verifier. For more information see the MRR section 95131(i)(2)(D)1 and CARB's "Biomass-Derived Fuels Guidance" document. These two methods apply equally to domestic and international procurement.

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QUESTION 2:

Applicant Opening Testimony Witness Cheung at pp. 3-4 states: “Gas Acquisition intends to utilize procurement tools already authorized by the CPUC for managing its traditional natural gas portfolio, including storage, regulatory account over / under-collection adjustments, and selling excess RNG supplies in an effort to offer the most cost-effective RNG available. . . Any initial RNG supplies that are unused will be stored and available for later usage.”

- a. Clarify if unused RNG will be sold or stored. If both, how will it be determined if a supply will be sold or stored?
- b. Who does Applicant plan to sell excess RNG supplies to?
- c. Where will RNG be stored? Will RNG be stored at Aliso Canyon?

RESPONSE 2:

- a. The CPUC has already authorized the Utilities a portfolio of procurement tools for use in managing supplies, which includes both the authorization to sell gas supplies to other gas shippers, as well as the allocation of storage inventory, injection, and withdrawal capacity for serving retail core customers needs. At this time the Utilities anticipate that any RNG oversupply purchased for the RNG Tariff program will be stored for later usage and not sold. However, the Utilities may sell RNG if oversupply is persistent and it is in the best interest of RNG Tariff participants to do so.
- b. RNG counterparties to potentially sell excess RNG supplies to have yet to be determined and/or identified. Since RNG markets are changing and dynamic, the Utilities will assess the RNG market if and when such a need to sell excess RNG supplies arises.
- c. Depending on the structure of the RNG supply agreements, physical storage of RNG supplies may or may not be necessary. In the instances where physical storage of RNG supplies is deemed necessary, authorized storage inventory, injection, and withdrawal capacity would be available for RNG Tariff supplies. By way of background, the Utilities’

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Gas Acquisition department is allocated storage capacity on behalf of its core customers in aggregate, and not at any specific storage field (SoCalGas' System Operator manages four storage fields – Honor Rancho, La Goleta, Playa del Rey, and Aliso Canyon). Likewise, when Gas Acquisition utilizes its storage capacity rights and nominates a gas injection, it does not choose which storage field in which its gas will be stored. Physical utilization of the storage facilities is at the discretion of the System Operator, pursuant to CPUC rules that are not in scope for this proceeding.

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QUESTION 3:

What is the exact planned start date for the program?

RESPONSE 3:

The Utilities do not have a planned start date for the program. After the application is approved, SoCalGas and SDG&E will have approved memorandum accounts to charge the work needed to implement the program and will begin to schedule that effort. For SDG&E, that work may also need to wait until after the installation of SDG&E's new customer information system (CIS) in 2021.